

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL MEMORANDUM**

**SB 504 – HB 489**

February 29, 2016

**SUMMARY OF ORIGINAL BILL:** Authorizes the transmission and filing of nonprofit corporations' annual reports to the Secretary of State in an electronic format. Authorizes the transmission of the Secretary of State's list, of new nonprofit corporations that were licensed or authorized to operate in the state during preceding month and the list of nonprofit corporations that surrendered their charters, had charters revoked, or ceased to do business in this state, during the preceding month, currently made to the Commissioner of the Department of Revenue, to be made in an electronic format.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

IMPACT TO COMMERCE OF ORIGINAL BILL:

NOT SIGNIFICANT

**SUMMARY OF AMENDMENT (012584):** Deletes all language of the original bill. Decreases, from a minimum of \$300 to \$100, the annual and initial filing fees for domestic Limited Liability Companies (LLCs) and foreign LLCs.

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Decrease State Revenue – Exceeds \$21,362,700/General Fund**  
**Exceeds \$660,700/Department of State**

Assumptions for the bill as amended:

- Based on information provided by the Secretary of State (SOS), 22,114 Foreign and Domestic Initial LLC reports are filed annually and 88,003 Foreign and Domestic LLC annual reports are filed annually. The annual total amount of Foreign and Domestic LLC reports filed is estimated to be 110,117 (22,114 + 88,003). Therefore, it is assumed the provisions of this bill will apply to approximately 110,117 entities in any given year.
- The reduction in filing revenue exceeds \$200 (minimum \$300 - \$100) per report filed.

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- The recurring reduction in filing fees is estimated to exceed \$22,023,400 (110,117 x \$200).
- Pursuant to Tenn. Code Ann. § 8-21-205, 97 percent of filing fee revenue is deposited in to the General Fund and three percent is retained by the SOS operating budget.
- The recurring decrease in state revenue to the General Fund is estimated to exceed \$21,362,698 (\$22,023,400 x 97.0%).
- The recurring decrease in state revenue to the SOS is estimated to exceed \$660,702 (\$22,023,400 x 3.0%).

## **IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:**

### **Decrease Business Expenditures - Exceeds \$22,023,400**

Assumptions for the bill as amended:

- The provisions of the bill will result in a recurring decrease in business expenditures estimated to be \$22,023,400.
- The provisions of the bill are not anticipated to have a significant impact on Tennessee jobs since the recurring decrease in business expenditures will be spread across approximately 110,117 entities.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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